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TN REGULATORY AUTHORITY
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December 3,, 2002

Lynn Questell, Hearing Officer
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

RE: Petition of XO Tennessee, Inc. to Open a Contested Case Proceeding to Monitor Compliance with TRA Rules and Orders on Directory Covers

TRA Docket No. 02-01106

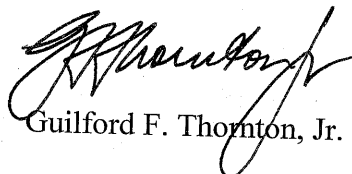
Dear Ms. Questell:

In anticipation of this morning's prehearing conference in the above referenced matter, I prepared the attached pleading on behalf of BellSouth Advertising & Publishing Corporation ("BAPCO"). As you can see, it includes a proposed issue, as well as other information which, hopefully, will assist you in preparing this case for hearing. I have modified it slightly following this morning's meeting.

It is not intended that anything in this pleading is inconsistent with the discussions underway today concerning the parties' placing a threshold legal issue before the Directors at their December 16, 2002 conference.

Should you have any questions or require anything further at this time, please do not hesitate to contact me.

Sincerely,



Guilford F. Thornton, Jr.

cc: George Hanna

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

In Re: Petition of XO Tennessee, Inc. to Open a Contested Case Proceeding to Monitor Compliance with TRA Rules and Orders on Directory Covers

TRA Docket No. 02-01106

BellSouth Advertising & Publishing Corporation's Proposed Issue

Comes BellSouth Advertising & Publishing Corporation ("BAPCO") and states as follows:

1. On October 1, BAPCO contacted all Tennessee local exchange carriers (LECs) to advise them of the terms and conditions offered by BAPCO in the event any LEC was interested in purchasing space on the cover of any of BAPCO's White Pages directories in Tennessee.
2. BAPCO reached agreement with counsel for several LECs, including BellSouth Telecommunications, Inc. ("BST"), Birch, US LEC and XO, on terms and conditions for the names and logos of these LECs to appear on the 2003 Nashville White Pages and 2003 Knoxville combined (white and yellow) pages directories.
3. BAPCO has reached an agreement with BST regarding the 2003 Memphis White Pages directory and the Chattanooga combined directory.
4. The same terms and conditions as between BAPCO and BST have been offered to all other LECs. Negotiations with XO and US LEC have resulted in agreement on all issues except price. Terms that have been agreed to that differ from those terms originally offered by BAPCO include: size of the name and logo ($\frac{1}{2}$ square inches) and color (as opposed to black and white).

In light of TRA Rule 1220-4-2-.15, as interpreted by the Authority in its March 19, 1998 Order in Docket No. 96-01692 ("the AT&T Order"), affirmed by the Tennessee Supreme Court, BAPCO submits the following as the one issue to be resolved in this matter:

PROPOSED ISSUE: Regarding its 2003 Memphis White Pages and 2003 Chattanooga combined (white pages and yellow pages) directories, is BAPCO offering LECs, including XO and US LEC, a price for their names and logos to appear on the directory covers in a just and reasonable manner?

5. BAPCO's internal close date for the 2003 Memphis White Pages directory is February 1, 2003. The close date for the 2003 Chattanooga combined directory is April 1, 2003.
6. For its part, BAPCO is prepared to commit now to publish the 2003 Memphis and Chattanooga directories with the names and logos of the above referenced LECs on the covers, even in the absence of a final ruling from the Authority in this matter. BAPCO proposes that both parties agree now to accept the Authority's decision on the proposed issue for the 2003 Memphis and Chattanooga directories, without waiving any right of appeal.

BAPCO is prepared to assist with the preparation of a procedural schedule to facilitate the Authority's consideration of this matter.

Respectfully submitted:

Guilford F. Thornton, Jr.
424 Church Street, Suite 2800
Nashville, TN 37219
615/259-1492

Counsel for BellSouth Advertising & Publishing
Corporation

CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the following was served upon the following, via hand delivery, this 4th day of December, 2002.

Richard Collier, General Counsel
Tennessee Regulatory Authority
450 James Robertson Parkway
Nashville, TN 37243-0505

Henry Walker
Boult, Cummings, Conners & Berry
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PO Box 198062
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Guilford F. Thornton, Jr.